

Message Text

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ACTION EB-06

INFO OCT-01 EUR-08 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5058

AMEMBASSY THE HAGUE PRIORITY

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E.O. 11652: N/A

TAGS: EAIR

SUBJ: CIVAIR - US/UK CAPACITY RATIONALIZATION AND NORTH
ATLANTIC FARES

1. FOLLOWING IS TEXT OF A CABLE SENT OCT. 23 FROM GEORGE ROGERS, DEPARTMENT OF TRADE, TO RAY WALDMANN, CHAIRMAN, US CIVAIR DEL., THE HAGUE. DEPARTMENT OF TRADE HAS ALSO SENT CABLE TO UK EMBASSY IN WASHINGTON FOR TRANSMITTAL TO MR. BINDER, DEPT. OF TRANSPORTATION, AND MR. OMELIA, CAB.

"I HAVE LEARNED WITH GREAT CONCERN THAT BOTH PAN AM AND TWA APPEAR TO BE ACTING IN CONTRAVENTION OF THE AGREEMENT REACHED IN WASHINGTON ON 20 SEPTEMBER FOR RATIONALIZED CAPACITY ON ROUTES BETWEEN THE US AND THE UK.

PAN AM HAVE INFORMED BRITISH AIRWAYS THAT THEY DO NOT INTEND TO REDUCE CAPACITY BETWEEN WASHINGTON AND LONDON UNTIL 1 DECEMBER (IN LIEU OF 1 NOVEMBER AS PREVIOUSLY AGREED); AND THEY ARE ADVERTISING TWO DAILY 747S BETWEEN NEW YORK AND LONDON WHEREAS THE AGREEMENT SPECIFIED THAT ONE OF THESE AIRCRAFT WOULD BE ROPED OFF AND ADVERTISED AS A 707. SIMILAR ADS FOR TWA PUBLISHED IN TODAY'S DAILY PRESS SHOW ONE MORE FREQUENCY PER WEEK BOTH BETWEEN CHICAGO AND LONDON AND LOS ANGELES AND LONDON THAN THOSE PROVIDED FOR IN THE AGREEMENT.

I FURTHER UNDERSTAND THAT TWA HAVE DEFERRED SUBMIT-
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TING THE AGREEMENT TO THE CAB AND THIS WILL INEVITABLY

DELAY FORMAL APPROVAL.

I AM ALSO CONCERNED AT THE NEWS THAT, AT THE IATA MEETING IN GENEVA, PAN AM ARE TAKING THE LEAD IN PROPOSING A REVISED FARE STRUCTURE (THAT SHOULD COME INTO EFFECT 1 NOVEMBER 1974) WHICH DEPARTS SUBSTANTIALLY FROM THAT SUPPORTED BY BOTH THE UK AND US GOVERNMENTS AND WHICH HAS BEEN PUBLICALLY ENDORSED IN THE STATEMENT ISSUED BY THE CAB ON 21 OCTOBER. NOTABLE DIFFERENCES ARE PROPOSED ELIMINATION OF APEX FARE AND PROPOSAL TO EXTEND 22/45 DAY EXCURSION FARE AT A VERY LOW LEVEL.

I UNDERSTAND THAT JOHN MEADOWS HAS ALREADY LEFT WASHINGTON FOR NEGOTIATIONS IN THE FAR EAST. REQUEST YOU THEREFORE TAKE ALL POSSIBLE STEPS TO ENSURE THAT US CARRIERS IMPLEMENT THE AGREEMENT ON CAPACITY RATIONALIZATION REACHED ON 20 SEPTEMBER AND ADHERE TO MONTREUX PACKAGE FOR TRANS-ATLANTIC FARES. FAILING IMPLEMENTATION OF THE AGREED CAPACITY REDUCTION BY US CARRIERS, THE UK MAY BE OBLIGED TO IMPOSE THE AGREEMENT REACHED IN SEPTEMBER UNILATERALLY.

IF NECESSARY, I WOULD BE GLAD TO SEE YOU AS SOON AS YOU HAVE COMPLETED YOUR NEGOTIATIONS AT THE NETHERLANDS AT THE END OF THIS WEEK TO CONCERT ACTION."

ANNENBERG

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